



U.S. Department of Justice

United States Attorney
Northern District of Texas

1100 Commerce St., 3rd Fl.
Dallas, Texas 75242-1699

Telephone (214)659-8600
Fax (214)767-2898

FOR IMMEDIATE RELEASE
CONTACT: 214/659-8600
www.usdoj.gov/usao/txn

DALLAS, TEXAS
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**FOREST HILL, TEXAS, MAN PLEADS
GUILTY TO FEDERAL INCOME TAX CHARGE**

Defendant Collected Monies from Adult Bookstores in Tarrant County

United States Attorney Richard B. Roper announced that Marion Jack McElroy, a Forest Hill, Texas, resident, pled guilty this morning in federal court in Fort Worth, Texas, before the Honorable Charles Bleil, United States Magistrate Judge, to one count of filing a false tax return, in violation of 26 U.S.C. § 7206(1). McElroy faces a maximum statutory sentence of three years imprisonment, a \$250,000 fine and restitution. He has agreed to cooperate with the Internal Revenue Service to accurately determine his civil tax liabilities for 1998, 1999 and 2000, and pay any income tax amount found to be due and owing. He is scheduled to be sentenced by the Honorable Terry R. Means, United States District Judge, on September 12, 2005.

A federal grand jury in Fort Worth returned an indictment against Marion Jack McElroy on April 5, 2005, charging him with three counts of filing a false tax return. Today, McElroy pled guilty to one of those counts — that he filed a false tax return for calendar year 1999.

In documents filed in Court, McElroy admitted that during the calendar year 1999, he received \$15,600 employment income, in the form of cash payments, from his employment with LeRoy Moore, Sr. and Beverly Kay Van Dusen for collecting monies from adult bookstores. Moore and Dusen operated in Tarrant County. McElroy did not report that income, which he was legally obligated to truthfully report to the Internal Revenue Service, on his filed individual Form 1040 income tax return for 1999.

Arlington, Texas, residents, LeRoy Moore, Sr. and Beverly Kay Van Dusen, are currently charged in two indictments in the Northern District of Texas on charges related to their operation

of sexually oriented businesses. The sexually oriented businesses owned by Moore and operated by Van Dusen consisted of bookstores with video arcades in the rear and adult magazine sales, novelty sales, video sales and video rentals in the front portion of the businesses. In September 2004, a federal grand jury in Fort Worth returned an indictment charging Moore and Van Dusen with conspiracy and various federal tax offenses, including tax evasion and aiding and assisting in the preparation of a fraudulent tax return. That case is set to go to trial on August 15, 2005. In March 2005, a federal grand jury in Dallas charged Moore and Van Dusen, along with several other defendants including Edward Wedelstedt, in a 23-count indictment with various charges including racketeering, obscenity and tax charges related to the operations of dozens of video arcades featuring pornographic materials. That case is set to go to trial in January 2006.

U.S. Attorney Roper praised the investigative efforts of the Internal Revenue Service - Criminal Investigation (IRS-CI). The case is being prosecuted by Assistant United States Attorney Linda Groves and Trial Attorney Bob Kemins of the Tax Division, Department of Justice.